Note: This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translation and the Japanese original, the original shall prevail.

Internet Disclosure Items for Notice of the 72nd Ordinary General Meeting of Shareholders

The Company provides this document to shareholders by means of disclosure through the Company’s website (http://nissin.com/) in accordance with the laws and regulations and Article 17 of the Company’s Articles of Incorporation.

NISSIN FOODS HOLDINGS CO., LTD.

<Contents>

(From April 1, 2019 to March 31, 2020)

1. Items Regarding Stock Acquisition Rights of the Company

(1) Status of stock acquisition rights as of the end of the fiscal year under review

Name	Exercise period	Number of stock acquisition rights	Class and number of shares	Amount paid per share (Yen)	Exercise price per share (Yen)
2nd series stock acquisition rights	From June 27, 2009 to June 26, 2049	428	Common share 42,800	2,325	1
3rd series stock acquisition rights	From June 27, 2009 to June 26, 2049	968	Common share 968	2,677	1
4th series stock acquisition rights	From June 27, 2009 to June 26, 2049	2,925	Common share 2,925	2,677	1
6th series stock acquisition rights	From June 30, 2010 to June 29, 2050	433	Common share 43,300	2,616	1
7th series stock acquisition rights	From June 30, 2010 to June 29, 2050	2,776	Common share 2,776	3,003	1
8th series stock acquisition rights	From June 30, 2010 to June 29, 2050	5,939	Common share 5,939	3,003	1
9th series stock acquisition rights	From June 30, 2011 to June 29, 2051	486	Common share 48,600	2,141	1
10th series stock acquisition rights	From June 30, 2011 to June 29, 2051	2,052	Common share 2,052	2,614	1
11th series stock acquisition rights	From June 30, 2011 to June 29, 2051	7,486	Common share 7,486	2,614	1
13th series stock acquisition rights	From June 29, 2012 to June 28, 2052	562	Common share 56,200	2,244	1
14th series stock acquisition rights	From June 29, 2012 to June 28, 2052	2,543	Common share 2,543	2,709	1
15th series stock acquisition rights	From June 29, 2012 to June 28, 2052	9,875	Common share 9,875	2,709	1
17th series stock acquisition rights	From June 27, 2013 to June 26, 2053	542	Common share 54,200	3,003	1
18th series stock acquisition rights	From June 27, 2013 to June 26, 2053	3,059	Common share 3,059	3,461	1
19th series stock acquisition rights	From June 27, 2013 to June 26, 2053	11,622	Common share 11,622	3,461	1
21st series stock acquisition rights	From June 27, 2014 to June 26, 2054	384	Common share 38,400	4,323	1
22nd series stock acquisition rights	From June 27, 2014 to June 26, 2054	3,701	Common share 3,701	4,805	1
23rd series stock acquisition rights	From June 27, 2014 to June 26, 2054	9,752	Common share 9,752	4,805	1
24th series stock acquisition rights	From June 26, 2015 to June 25, 2055	338	Common share 33,800	4,692	1
25th series stock acquisition rights	From June 26, 2015 to June 25, 2055	3,427	Common share 3,427	5,162	1
26th series stock acquisition rights	From June 26, 2015 to June 25, 2055	8,873	Common share 8,873	5,162	1
28th series stock acquisition rights	From June 29, 2016 to June 28, 2056	270	Common share 27,000	4,830	1
29th series stock acquisition rights	From June 29, 2016 to June 28, 2056	2,785	Common share 2,785	5,322	1
30th series stock acquisition rights	From June 29, 2016 to June 28, 2056	5,789	Common share 5,789	5,322	1
33rd series stock acquisition rights	From June 29, 2017 to June 28. 2057	355	Common share 35,500	6,027	1
34th series stock acquisition rights	From June 29, 2017 to June 28, 2057	5,134	Common share 5,134	6,841	1
35th series stock acquisition rights	From June 29, 2017 to June 28, 2057	8,329	Common share 8,329	6,841	1

Name	Exercise period	Number of stock acquisition rights	Class and number of shares	Amount paid per share (Yen)	Exercise price per share (Yen)
36th series stock acquisition rights	From June 28, 2018 to June 27, 2058	336	Common share 33,600	7,247	1
37th series stock acquisition rights	From June 28, 2018 to June 27, 2058	5,116	Common share 5,116	8,098	1
38th series stock acquisition rights	From June 28, 2018 to June 27, 2058	8,283	Common share 8,283	8,098	1
40th series stock acquisition rights	From June 27, 2019 to June 26, 2059	297	Common share 29,700	5,768	1
41st series stock acquisition rights	From June 27, 2019 to June 26, 2059	5,493	Common share 5,493	6,749	1
42nd series stock acquisition rights	From June 27, 2019 to June 26, 2059	6,742	Common share 6,742	6,749	1

(2) Status of stock acquisition rights held by the officers of the Company as of the end of the fiscal year under review

	Name	Number of stock acquisition rights	Number of holders
Director (excluding Outside Director)	2nd series stock acquisition rights	428	2
	3rd series stock acquisition rights	435	1
	6th series stock acquisition rights	433	2
	7th series stock acquisition rights	755	1
	9th series stock acquisition rights	486	3
	13th series stock acquisition rights	562	3
	17th series stock acquisition rights	542	3
	21st series stock acquisition rights	384	3
	24th series stock acquisition rights	338	3
	28th series stock acquisition rights	270	3
	33rd series stock acquisition rights	355	3
	36th series stock acquisition rights	336	3
	40th series stock acquisition rights	297	3

(3) Status of stock acquisition rights issued during the fiscal year under review

Name	Exercise period	Number of stock acquisition rights	Class and number of shares	Amount paid per share (Yen)	Exercise price per share (Yen)
40th series stock acquisition rights	From June 27, 2019 to June 26, 2059	297	Common share 29,700	5,768	1
41st series stock acquisition rights	From June 27, 2019 to June 26, 2059	7,120	Common share 7,120	6,749	1
42nd series stock acquisition rights	From June 27, 2019 to June 26, 2059	7,537	Common share 7,537	6,749	1

(4) Breakdown of stock acquisition rights issued to employees of the Company and officers and employees of subsidiaries of the Company during the fiscal year under review

	Name	Number	Number of individuals to whom stock acquisition rights have been issued
Employees of the Company	41st series stock acquisition rights	7,120	11
Directors of the subsidiaries of the Company	42nd series stock acquisition rights	7,537	19

2. Systems and Policy of the Company

NISSIN FOODS HOLDINGS CO., LTD. (hereafter referred to as the “Company”) develops systems to ensure that the Directors’ performance of their duties is complied with applicable laws and regulations and the Articles of Incorporation of the Company, and other systems necessary to ensure the appropriateness of operations (Basic Policy on Construction of Internal Control Systems) as follows.

The Board of Directors of the Company is making effort to develop more appropriate and efficient systems by conducting reviews, as appropriate, of, and making continuous improvements to, the “Basic Policy on Construction of Internal Control Systems.”

(1) Basic policy of business operation

Officers and employees of the Company and its subsidiaries (hereafter collectively referred to as the “NISSIN FOODS Group”) shall make efforts to be deeply aware of corporate social responsibility, to comply with the relevant laws and regulations, and to commit acting conforming with social ethics when executing their daily duties pursuant to the “NISSIN FOODS Group Ethics Regulations” and “NISSIN FOODS Group Compliance Regulations.”

(Basic Philosophy)

i) Objective of our work is to place customer satisfaction first and to provide products and services which bring happiness to people’s lives.

ii) We shall make efforts to be aware of corporate social responsibility, comply with laws and regulations and fair business practice, and enhance business activities with transparency.

iii) We shall be aware that we are corporate citizens, fostering high ethical standards and following common sense.

(Code of Conduct)

i) Employees shall maintain fair, impartial and transparent relations with consumers, employees and workers, business partners, shareholders and all other stakeholders.
ii) Employees shall support internationally recognized human rights protection standards and respect the basic human rights of all people. They shall not conduct any actions that impair the dignity of any individual.
iii) Employees shall not discriminate against anyone on such grounds as nationality, ethnicity, religion, gender, age, social status, disability or the like.
iv) Employees shall not engage in harassment based on the status, authority, gender or any other factor.
v) Employees shall strive to create and develop products and services that give priority to the health and safety of people.
vi) Such products and services must not endanger the health or property of consumers and Employees shall take sincere and swift actions to settle any problems arising from their quality.
vii) In pursuing profit in the course of carrying out their duties, Employees must not make decisions or conduct themselves in a manner that is at odds with the social conscience.
viii) Employees must break off all ties with any anti-social forces or groups that pose a threat to civic social order and security.
ix) Employees shall behave in a way that prevents contradictions between personal interests and corporate interests.
x) Employees shall commit to the disclosure activity of corporate information and shall not engage in insider-trading or use non-disclosed information to provide benefits or favors to any third party.
xi) Employees shall tightly control such information as pertains to corporate secrets and must not disclose or divulge such information to others outside the Company, either during their tenure or thereafter.
xii) Employees shall strive to maintain and secure intellectual property rights while respecting the intellectual property rights of others.
xiii) Employees shall maintain fair and free competition and shall not engage in unfair competition.
xiv) Employees shall work to prevent any form of corruption, including extortion based on abuse of a dominant bargaining position and bribery aimed at gaining or retaining business benefits.
xv) Employees shall take the utmost care to ensure that their business activities do not adversely affect the global environment.

xvi) Employees shall endeavor to collaborate and work closely with the local community and to work to make active contributions to the local community.

xvii) In the event of making a donation or other monetary contribution, Employees shall comply with the laws and ordinances as well as internal regulations.

xviii) In such case that a problem not addressed herein should arise, Employees must judge and act on such problem in accordance with the general principles of this Code.

xix) Employees shall observe the code of conduct set out in this Article and shall, in the event of discovering any conduct in breach of the Code, immediately submit a report in accordance with the whistle-blowing system set forth separately.

(2) System ensuring the execution of duties of Directors and employees comply with the laws and regulations and the Articles of Incorporation / System ensuring the reliability of financial reporting

i) For the purpose of compliance with the laws and regulations and the Articles of Incorporation and the like, the Company shall develop “NISSIN FOODS Group Ethics Regulations” and “NISSIN FOODS Group Compliance Regulations” and shall ensure that officers and employees of NISSIN FOODS Group understand.

ii) “Compliance Committee” shall be set up with Executive Vice President & Representative Director, COO serving as chairman to make efforts to have officers and employees comply with the laws and regulations, “Articles of Incorporation,” and various regulations alike. Furthermore, “Compliance Group” shall be established within the Legal Division to strengthen measures.

iii) Each division of NISSIN FOODS Group shall consult with outside specialists including lawyers as necessary upon carrying out its duties for the purpose of avoiding risks of non-compliance with the laws and regulations, “Articles of Incorporation,” and various regulations alike.

iv) Internal Auditing Office which is under direct control of President & Representative Director, CEO shall audit major business offices of NISSIN FOODS Group on a regular basis and confirm if the laws and regulations, “Articles of Incorporation,” and various regulations alike are being complied.

v) The Company shall establish “NISSIN FOODS Group Internal Reporting Regulations” as a reporting system when violation of laws and regulations, “Articles of Incorporation,” and various regulations alike occur, or is about to occur, and shall ensure that officers and employees of NISSIN FOODS Group thoroughly understand. NISSIN FOODS Group shall not dismiss or treat disadvantageously the person who has made the reporting in question.

vi) Audit & Supervisory Board Members shall audit the appropriateness of the execution of duties of Directors pursuant to “Audit & Supervisory Board Regulations,” “Audit Standards of Audit & Supervisory Board Members,” and the like.

vii) Human resources shall be appropriately placed to develop and promote the construction and administration of internal control systems for the purpose of ensuring the reliability of financial reporting.

(3) System relating to storage and management of information in regard to the execution of duties of Directors

The Company shall record legal documents including minutes of General Meeting of Shareholders and Meeting of the Board of Directors and the like, in addition to important information in regard to the execution of duties of Directors such as written approvals, to paper documents or electromagnetic media. It shall appropriately store and manage the information pursuant to the laws and regulations and the “Document Management Regulations,” shall, to the extent necessary, verify the status of storage and management, respond to the request of inspection given by the Directors and Audit & Supervisory Board Members, and review the regulations as appropriate.

(4) Regulations and other systems relating to risk management of losses

i) The Company shall set up a "Risk Management Committee" with Executive Vice President & Representative Director, COO serving as chairman to prevent, identify, manage, and address against various risks in regard to NISSIN FOODS Group.

ii) NISSIN FOODS Group shall set up "Audit Standards of Food Safety" and develop a system primarily conducted by NISSIN Global Food Safety Institute to investigate and verify the safety of food products ranging from raw materials to products, based on its awareness that the most important issue is to constantly ensure safe and worry-free food products.

iii) NISSIN FOODS Group, based on the "NISSIN FOODS Group Code of Risk Management," shall position product accidents, BCP (Business Continuity Plan), compliance, and information security as the Group's key risks, set up committees, and address said risks.

iv) The Company shall set up an organization under the Sustainability Committee to address environmental and safety risks. In the event a material accident occurs in environmental aspects, pursuant to the manual, it shall be immediately responded, stabilized, and resolved. In addition, the Company shall review various manuals including "Industrial Waste Treatment Manual" as necessary and confirm the status of the operation on a regular basis.

(5) System ensuring the efficiency of execution of duties of Directors / System ensuring the execution of duties of employees comply with the laws and regulations and the Articles of Incorporation

i) The Company shall hold "regular meetings of the Board of Directors" on a regular basis and "extraordinary meetings of the Board of Directors" as appropriate when necessary. The meetings shall consist of Directors and Audit & Supervisory Board Members who shall discuss and decide on important matters pursuant to the laws and regulations, "Articles of Incorporation," and "Board of Directors Regulations." Furthermore, the members of the meetings shall receive reports in regard to the execution of duties of Directors, and conduct supervision and the like.

ii) The Company shall hold a meeting of the "Management Committee" twice every month in principle to improve management efficiency. The Committee consists of Directors (excluding Outside Directors), Responsible Executive Officers and Audit & Supervisory Board Members (Full-time). The Committee shall discuss matters which are to be resolved by the "Board of Directors," and shall discuss and decide matters which authorities are delegated to the Committee by the Board of Directors pursuant to the "Regulations for Approval," as well as execute business operations.

iii) The Company shall hold a "Group Company Strategic Presentation" every month in principle. Reports, proposals, and confirmations in regard to strategies (products, finance, human resource and the like) shall be made by the presidents of the major subsidiaries and overseas regional Chief Representatives, and status of execution of duties of subsidiaries shall be supervised.

iv) The Company shall hold a "Chief Officer Strategy Presentation" every month in principle, and the Presentation shall consist of chief officers. Strategies shall be proposed by the chief officers, and status of execution of platform duties shall be supervised.

v) As a preliminary discussion body of the Board of Directors and Management Committee, the Company shall hold a meeting of the "Investment and Financing Committee" every month in principle. The Committee shall consist of members summoned in principle from each platform. The Committee shall perform screenings and reviews of important investment and financing and the like in advance.

vi) As a preliminary discussion body of the Board of Directors and Management Committee, the Company shall hold a meeting of the "Personnel Committee" every month in principle and the Committee shall consist of chief officers and the like. Human resource strategy of the Group shall be reviewed.

vii) The Company holds a meeting of the "Management Advisory Committee," an advisory body to the Board of Directors, composed of the majority of which are Independent Directors/Audit & Supervisory Board Members, to meet three times a year in principle, in order to ensure transparency and fairness in nomination, remuneration, and governance.

viii) The Company shall hold multiple meetings of the “Liaison Committee of Independent Outside Directors and Audit & Supervisory Board Members” comprising Independent Outside Directors and Audit & Supervisory Board Members on an as-needed basis where Audit & Supervisory Board Members and Outside Directors share the recognition concerning priorities for management.

ix) The Company shall establish regulations such as “Administrative Authorities Regulations” and “Division of Responsibilities Regulations” to ensure that appropriate and efficient duties of Directors and employees are executed in order that the authority and responsibility of each officer shall be made clear.

x) The term of office of Directors shall be one (1) year, for the purpose of clarifying their management responsibility, and allowing quick actions to be taken in response to the changes in management environment.

(6) System ensuring the appropriateness of operations of the corporate group consisting of the Company and its subsidiaries

i) “NISSIN FOODS Group Ethics Regulations” and “NISSIN FOODS Group Compliance Regulations” shall be the ethical and operational guideline for business operations in the NISSIN FOODS Group.

ii) The department in charge in the Company shall be the contact department and shall receive reports on a regular basis in regard to business performance of the NISSIN FOODS Groups. Furthermore, pursuant to the “Approval Regulations,” important matters shall be approved by the in-house approving authorities or, if a given matter involving a subsidiary exceeds the scope of their authority, by the Board of Directors and the like of the Company.

iii) Audit & Supervisory Board Members and the Internal Auditing Office shall conduct periodical audits including visiting audits to confirm if operations of NISSIN FOODS Group are complying with the laws and regulations, “Articles of Incorporation” and various regulations alike.

(7) Matters relating to employees assisting Audit & Supervisory Board Members in the event the Audit & Supervisory Board Members request the placement of employees to assist their duties

The Company set up an Audit & Supervisory Board Office directly under the “Audit & Supervisory Board” and placed several dedicated employees as ones to assist the duties of the Audit & Supervisory Board Members. The “Audit & Supervisory Board” has expressed its opinion that, assistance is sufficient.

(8) Matters regarding independence of employees assisting the duties of Audit & Supervisory Board Members from Directors, and the procurement of effectiveness of such instruction

i) Matters regarding personnel such as appointment and transfers of employees assisting the duties of the Audit & Supervisory Board Members shall be decided conditional on consent from the Audit & Supervisory Board Members (Full-time) in advance. The performance management shall be conducted by the Audit & Supervisory Board Members (Full-time).

ii) For the purpose of ensuring the effectiveness of instructions given by the Audit & Supervisory Board Members, employees assisting the duties of the Audit & Supervisory Board Members shall not additionally hold duties relating to the business execution of the Company, and shall carry out the duties under the directions of the Audit & Supervisory Board Members.

(9) Reporting system by Directors and employees to Audit & Supervisory Board Members, and other reporting systems to Audit & Supervisory Board Members

i) In the event facts that may cause significant damages to the NISSIN FOODS Group are discovered, Directors of the NISSIN FOODS Group shall immediately report the facts concerned to the “Audit & Supervisory Board” of the Company.

ii) Pursuant to the "Audit Standards of Audit & Supervisory Board Members," in addition to matters provided under the laws and regulations, facts that may cause material impact in finance and operations of NISSIN FOODS Group, the decisions and the like shall be immediately reported by Directors and employees of NISSIN FOODS Group to the Company's Audit & Supervisory Board Members.

iii) In the event facts that may cause significant damages to the NISSIN FOODS Group are discovered, employees of NISSIN FOODS Group shall report the facts concerned to the Audit & Supervisory Board Members.

iv) NISSIN FOODS Group shall not treat ones who have reported the aforementioned three items disadvantageously on the grounds that such reporting was made.

v) If expenses necessary to request advice from lawyers, certified public accountants, and other outside specialists, to outsource investigation, analysis and other administrations for the purpose of conducting audit are requested by the Audit & Supervisory Board Members or the Audit & Supervisory Board, Directors, Executive Officers, and employees shall not refuse such requests, except in cases where the expenses under such requests are determined to be unnecessary in the execution of duties of the Audit & Supervisory Board Members.

(10) Other systems ensuring the effectiveness of audits conducted by the Audit & Supervisory Board Members

i) "Regular meetings of the Audit & Supervisory Board" in which all Audit & Supervisory Board Members attend shall be held on the day before the meeting of the Board of Directors or on the day of the meeting in principle, and "extraordinary meetings of the Audit & Supervisory Board" shall be held as necessary. Ideas shall be exchanged in regard to Audit & Supervisory Board Members' opinions and important issues upon auditing between the Audit & Supervisory Board Members and the results shall be reported on a regular basis to the "Board of Directors" as an Audit & Supervisory Board Report.

ii) Directors and employees shall report monthly performance and financial situations on a regular basis to the "Board of Directors" and the "Management Committee" and the like. Various minutes, written approvals and other important documents relating to business operations shall be circulated to, and be read through by, the Audit & Supervisory Board Members (Full-time). Furthermore, if requested by the Audit & Supervisory Board Members, sufficient explanations shall be provided.

iii) Audit & Supervisory Board Members, while closely working with Internal Auditing Office and Financial Auditor on a steady basis, shall hold regular meetings with them once every two (2) months in principle to exchange information, establishing a system where audits are carried out effectively by the Audit & Supervisory Board Members.

(11) Basic concept toward elimination of antisocial forces and the status toward such elimination

The Basic policy of NISSIN FOODS Group upon conducting corporate activities is based on the idea that "Any relationships with antisocial forces and organizations that threaten the order and security of civil society shall be severed." The policy is stated clearly in the Code of Conduct under the "NISSIN FOODS Group Ethics Regulations" and the Company shall ensure that it is thoroughly understood.

The Company shall place General Affairs Division as its supervisory department to handle antisocial forces. The General Affairs Division plays a key role in continuously gathering information from government bodies and outside specialized organizations, developing a system which will be able to address unexpected situations with prompt cooperation.

(12) Report on the operational status of the systems ensuring the appropriateness of operations

The outline of the operational status of systems ensuring the execution of duties of Directors comply with the laws and regulations and the Articles of Incorporation, and other systems ensuring the appropriateness of operations is as follows:

i) Overall Internal Control Systems

In addition to audits conducted by the Audit & Supervisory Board Members and Financial Auditor of the Company, Internal Auditing Office, which is under the direct control of President & Representative Director, CEO, is engaged in internal audits and regularly conducted audits including on-site inspections in order to confirm that Nissin Foods Group is performing its business in compliance with laws and regulations, “Articles of Incorporation” and other rules and regulations.

In addition, with the aim of enhancing audit efficiency, three parties, Internal Auditing Office, the Audit & Supervisory Board Members and Financial Auditor held six regular meetings during the fiscal year under review, and exchanged opinions regarding findings of the audit and other relevant information.

ii) Compliance

Compliance Committee held four meetings during the fiscal year under review and worked to strengthen the compliance framework of the Group. The Committee identified and evaluated compliance risks at business offices of the Company and the Group companies, provided instructions for improvement as well as education and training to facilitate the sense of compliance taking root.

In addition, the Committee made reports on the status relating reporting of compliance-related violations and on other matters to the Board of Directors.

iii) Risk Management

Through the “Risk Management Office” established in the General Affairs Division as an office for “Risk Management Committee,” we identified and evaluated risks, developed countermeasures, and checked the status of the measures taken, in order to get visibility of risks of the entire Group and manage them.

iv) Management of business of subsidiaries

The Company has obtained an approval of the Company for important matters of its subsidiaries in compliance with the “Approval Regulations.” With regard to each subsidiary’s business strategy, business conditions, financial conditions and the like, the Company regularly received reports from respective subsidiaries as necessary at the “Board of Directors” and the “Group Company Strategic Presentation.”

v) Execution of duties by Directors

- The Company held the “Regular Meetings of the Board of Directors” ten times during the fiscal year under review to determine important business matters defined in the laws and regulations, the “Articles of Incorporation” and the “Board of Directors Regulations,” and supervised execution of the duties.
- In principle, the Company held meetings of the “Management Committee” twice a month to deliberate beforehand matters to be resolved by the “Board of Directors” and other important business matters and to report on important progress of the business operations.
- The Company held three meetings of the “Management Advisory Committee,” the majority of which are Independent Directors/Audit & Supervisory Board Members, during the fiscal year under review, and discussed the nomination, remuneration, and governance. The committee ensured transparency and fairness in nomination, remuneration, and governance.
- The Company shall held multiple meetings of the “Liaison Committee of Independent Outside Directors and Audit & Supervisory Board Members” comprising Independent Outside Directors and Audit & Supervisory Board Members on an as-needed basis where Audit & Supervisory Board Members and Outside Directors share the recognition concerning priorities for management.
- The Company held a “Group Company Strategic Presentation” every month in principle. Reports, proposals, and confirmations in regard to strategies (products, finance, human resource and the like) were made by the presidents of the major subsidiaries and overseas regional Chief Representatives, and status of execution of duties of subsidiaries was supervised.
- The Company held a “Chief Officer Strategy Presentation” comprising chief officers every month in principle. Strategies were proposed by the chief officers, and status of execution of platform duties was supervised.

- As a preliminary discussion body of the "Board of Directors" and "Management Committee," the Company held a meeting of the "Investment and Financing Committee" every month in principle. The committee consists of members summoned from each platform. The Committee performed screenings and reviews of important investment and financing and the like in advance.
- As a preliminary discussion body to the "Board of Directors" and "Management Committee," the Company held a meeting of the "Personnel Committee" every month in principle. The Committee consists of chief officers and the like. Human resource strategy of the Group was reviewed.

vi) Execution of duties of the Audit & Supervisory Board Members

- The meetings of the "Audit & Supervisory Board" were held eleven times during the fiscal year under review to audit duties executed by Directors.
- The Audit & Supervisory Board Members have conducted audit by attending the meetings of the "Board of Directors" and other important meetings, interviewing Directors and employees and other means including on-site inspection concerning matters to be resolved by "the Management Committee" and other important matters for corporate management.
- The Audit & Supervisory Board members, who work closely with Internal Auditing Office and Financial Auditor on a steady basis, held six regular meetings with them during the fiscal year under review to exchange information, and secured effective audits by the Audit & Supervisory Board members.

3. Basic Policy on Control of the Company

(1) Basic policy

The Company is a holding company that has affiliated business operating companies that conduct foods business. Through these business operating companies, the Company operates manufacturing and selling noodles such as bag-type noodles, cup-type noodles, chilled noodles, frozen noodles and others as its core business as well as confectionary and lactobacillus beverages.

Recognizing four tenets propounded by the founder - “Peace will come to the world when there is enough food,” “Create foods to serve society,” “Eat wisely for beauty and health,” and “Food related jobs are sacred profession” - as enduring founding values, and guided by our Group philosophy, as signified by “EARTH FOOD CREATOR,” to contribute to society and the earth by gratifying people everywhere with the pleasures and delights food can provide, the Company will strive to embody them.

Furthermore, as an integrated foods corporate group, we constantly create and develop No. 1 brands in each category and aim to be a “Branding Corporation” that is formed by the grouping together of those No.1 brands. While working to construct a business foundation that is ever-more secure, we are striving to ensure and enhance the Company’s corporate value and common interests of shareholders.

(2) Initiatives to prevent control that is detrimental to shareholders’ interest

From the viewpoint of ensuring and enhancing the Company’s corporate value and thus the common interests of shareholders, the Company established its “Basic Policy on Control of the Company” (hereinafter referred to as the “Basic Policy”). According to the Basic Policy, as a part of efforts to prevent inappropriate persons from controlling the Company, the “Countermeasures to the Large-Scale Acquisition of the Company’s Shares (Takeover Defense Measures)” (hereinafter be referred to as the “Measures”) were approved by shareholders at the 59th Ordinary General Meeting of Shareholders of the Company held on June 28, 2007, and were introduced. Subsequently, the Measures were renewed every three years.

After the introduction of the Measures, the Company worked proactively to increase corporate value, to enhance shareholder returns, which included stock buybacks and increased dividends, and to strengthen corporate governance. Furthermore, with a focus on the changes to the management environment surrounding the Company following the introduction of the Measures in 2007, and recent trends regarding takeover defense measures, the Board of Directors and Management Advisory Committee carefully discussed about the handling of the Measures every year. As a result, from the viewpoint of ensuring and enhancing the Company’s corporate value and thus the common interests of shareholders, it was determined that the Company’s need of the Measures had declined relatively, and the Company abolished the Measures upon the resolution at the meeting of the Board of Directors held on December 6, 2017.

(3) The decision of the Board of Directors in regard to initiatives to prevent control that is detrimental to shareholders’ interest

After the abolition of the Measures, the Company will continue to work to ensure and enhance the Company’s corporate value and thus the common interests of shareholders. In addition, the Company will take appropriate measures in accordance with the Financial Instruments and Exchange Act, the Companies Act, and other related laws and regulations such as requesting persons that attempt to make a large-scale acquisition of the Company’s shares to provide necessary and adequate information for shareholders to make appropriate decisions regarding the pros and cons of the large-scale acquisition, disclosing information including the opinions of the Board of Directors, and working to secure time for shareholders to consider.

4. Consolidated Statement of Changes in Equity

(Year ended March 31, 2020)

(Millions of yen)

	Equity attributable to owners of parent						
				Other components of equity			
	Share capital	**Capital surplus**	**Treasury shares**	**Stock acquisition rights to shares**	**Foreign currency translation differences on foreign operations**	**Cash flow hedges**	**Net change in financial instruments measured at fair value through other comprehen-sive income**
Balance at the beginning of the year	**25,122**	**50,614**	**(6,718)**	**2,110**	**(4,656)**	**3**	**31,749**
Profit							
Other comprehensive income					(7,401)	14	(11,690)
Comprehensive income	**–**	**–**	**–**	**–**	**(7,401)**	**14**	**(11,690)**
Acquisition of treasury shares			(6)				
Sales of treasury shares		24	64	(88)			
Share-based payments				270			
Cash dividend paid							
Changes in the ownership interest of a subsidiary without a loss of control		0					
Transfer from other components of equity to retained earnings							(179)
Other							
Total transactions with owners of parent	**–**	**25**	**57**	**181**	**–**	**–**	**(179)**
Balance at the end of the year	**25,122**	**50,639**	**(6,660)**	**2,292**	**(12,057)**	**17**	**19,879**

	Equity attributable to owners of parent					Non-controlling interests	Total equity
	Other components of equity			Retained earnings	Total		
	Remeasure-ments of defined benefit plans	Share of other comprehen-sive income of entities accounted for using the equity method	Total				
Balance at the beginning of the year	**–**	**28**	**29,235**	**228,526**	**326,781**	**25,764**	**352,545**
Profit			–	29,316	29,316	1,805	31,122
Other comprehensive income	100	2,103	(16,872)		(16,872)	(893)	(17,766)
Comprehensive income	**100**	**2,103**	**(16,872)**	**29,316**	**12,444**	**911**	**13,355**
Acquisition of treasury shares			–		(6)		(6)
Sales of treasury shares			(88)		0		0
Share-based payments			270		270		270
Cash dividend paid			–	(11,457)	(11,457)	(913)	(12,371)
Changes in the ownership interest of a subsidiary without a loss of control			–		0	313	314
Transfer from other components of equity to retained earnings	(100)	11	(268)	268	–		–
Other			–	(38)	(38)	(7)	(45)
Total transactions with owners of parent	**(100)**	**11**	**(87)**	**(11,226)**	**(11,230)**	**(607)**	**(11,838)**
Balance at the end of the year	**–**	**2,143**	**12,275**	**246,616**	**327,994**	**26,068**	**354,063**

(Note) Monetary amounts in this table are shown rounded down to the nearest unit.

5. Notes to Consolidated Financial Statements

Notes to Significant Matters Related to the Basis of Preparation of the Consolidated Financial Statements

1. Basis of preparation of Consolidated Financial Statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (hereinafter, IFRS) pursuant to Article 120, paragraph 1 of the Regulations for Corporate Accounting. However, we have omitted some descriptions and notes required by IFRS in accordance with the latter part of the said paragraph.

2. Scope of consolidation

Consolidated subsidiaries (59 companies)

Names of major consolidated subsidiaries

NISSIN FOOD PRODUCTS CO., LTD., MYOJO FOODS CO., LTD., NISSIN CHILLED FOODS CO., LTD., NISSIN FROZEN FOODS CO., LTD., NISSIN CISCO CO., LTD., NISSIN YORK CO., LTD., NISSIN FOODS (U.S.A.) CO., INC., NISSIN FOODS CO., LTD., NISSIN FOODS (ASIA) PTE. LTD., Nissin Foods GmbH and others

3. Application of the equity method

Companies accounted for by the equity method: 4

Names of companies accounted for by the equity method

Thai President Foods Public Company Limited, Mareven Food Holdings Limited, KOIKE-YA Inc., and Nissin-Universal Robina Corp.

Accounting policies

1. Valuation basis and method for financial assets

(1) Non-derivative financial assets

a) Classifications

The Group classifies financial assets other than derivatives into financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income (hereinafter, “FVTOCI”) and financial assets measured at fair value through profit or loss (hereinafter, “FVTPL”).

(A) Financial assets measured at amortized cost Investments in debt instruments with contractual cash flow which are solely payments of principal and interest on the principal amount outstanding and which are held in order to collect the contractual cash flows are measured at amortized cost.

(B) Debt instruments measured at fair value through other comprehensive income
Financial assets are classified as debt instruments measured at FVTOCI if both of the following conditions are met.
- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows and sell the asset.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(C) Equity instruments measured at fair value through other comprehensive income Financial assets, other than those measured at amortized cost or debt instruments at FVTOCI, whose subsequent changes in the fair value were irrevocably designated at initial recognition as measured at fair value through other comprehensive income are classified as financial assets at FVTOCI.
As the Group has adopted the exemption provision prescribed in IFRS 1 “First-time adoption of International Financial Reporting Standards,” investments in equity instruments are designated as measured at fair value through other comprehensive income based on facts and conditions existed as of the date of transition to IFRS.

(D) Financial assets measured at fair value through profit or loss
Financial assets, other than those measured at amortized cost or FVTOCI, are classified as financial assets at FVTPL. Financial assets at FVTPL are measured at fair value at initial recognition and transaction costs are recognized in profit or loss when incurred.

b) Initial recognition and measurement

The Group recognizes financial assets when the Group becomes a party to the contract provisions for the financial assets.

c) Subsequent measurement

Financial assets are measured according to their classification after initial recognition.

(A) Financial assets measured at amortized cost

Financial assets measured at amortized cost are measured at amortized cost using the effective interest method. Interest incurred is included in finance costs in the consolidated statements of income.

(B) Financial assets measured at fair value through other comprehensive income
(a) Debt instruments measured at fair value through other comprehensive income

Changes in the fair value of debt instruments measured at fair value through other comprehensive income are recognized in other comprehensive income except impairment gain or loss and currency exchange difference until the instruments are derecognized. When the asset is derecognized, the amount previously recognized other comprehensive income is transferred to profit or loss.

(b) Equity instruments measured at fair value through other comprehensive income

Changes in the fair value of equity instruments measured at fair value through other comprehensive income are recognized in other comprehensive income. When the asset is derecognized, or its fair value has significantly decreased, the amount previously recognized in other comprehensive income is transferred directly to retained earnings. Dividends from the financial assets are recognized in profit or loss.

(c) Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are measured at fair value after initial recognition and the changes in the fair value are recognized in profit or loss.

d) Derecognition

Financial assets are derecognized when the contractual rights to the cash flow expire or are transferred, or when substantially all the risks and rewards of the ownership are transferred.

Financial assets are derecognized on the date of the sales when sold in normal manner.

e) Impairment of financial assets

The Group recognizes an allowance for doubtful accounts on expected credit loss of financial assets measured at amortized cost.

(Determining significant increases in credit risks)

The Group assesses at the end of each reporting period whether the credit risks of financial instruments has significantly increased after initial recognition.

The Group determines whether the credit risk has significantly increased based on changes in the risk of a default occurring after initial recognition and in assessing whether there is any change in the risk of default, the Group takes into account the following matters.

- Deterioration of the trade partner’s financial condition
- Past due information
- Significant change in a credit rating by third-party agencies

(Expected credit loss approach)

Expected credit losses are the present value of the difference between contractual cash flows the Group has a right to receive pursuant to a contract and the cash flows actually expected to be received by the Group. If the credit risk on a financial asset has increased significantly after initial recognition, the Group measures the allowance for doubtful accounts for the financial asset at an amount equal to the lifetime expected credit loss. If the credit risk has not increased significantly, the Group measures the allowance for doubtful accounts for that financial asset at an amount equal to a 12-month expected credit loss.

Notwithstanding the above, the Group measures the allowance for doubtful accounts at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

The provision for the allowance for doubtful accounts for financial assets is recognized in profit or loss.

(2) Derivatives and hedge accounting

Derivatives are initially measured at fair value at the date the contract is entered into, and are subsequently remeasured at fair value at the end of each reporting period.

The Group utilizes derivatives, including forward foreign exchange contracts and interest rate swap contracts to lower risks such as foreign exchange and interest rate risks.

How gain or loss resulting from remeasurement is recognized depends on whether derivatives are designated as hedging instrument and, in case designated, the nature of the hedged item.

The Group designates derivatives as hedging instruments of cash flow hedges (hedging exposure to changes in cash flow from recognized assets or liabilities, or specific risks related to highly probable forecasted transactions).

At the inception of hedges, the Group documents the hedging relationship between a hedging instrument and hedged item to which hedge accounting is applied, and the objectives and strategies of risk management for undertaking the hedge. When a derivative used for hedging offsets the fair value of a hedged item or changes in cash flows, the Group assesses and documents at the inception of the hedging relationship and on an ongoing basis whether the hedging relationship meets the hedge effectiveness requirements. The Group performs the ongoing assessment of hedge effectiveness at the end of each reporting period or, if earlier, upon a significant change in the circumstance affecting the hedge effectiveness requirements.

Hedges that qualify for stringent requirements for hedge accounting are accounted for as follows:

a) Fair value hedges

Gains or losses on hedging instruments are recognized in profit or loss. Gains or losses on hedged items are recognized in profit or loss with adjusting book value of the hedged items.

b) Cash flow hedges

The effective portion of gain or loss on hedging instruments is recognized in other comprehensive income, while the ineffective portion is recognized immediately in profit or loss.

The amounts of hedging instruments recognized in other comprehensive income are reclassified to profit or loss when the transactions of the hedged items affect profit or loss. In cases where hedged items result in the recognition of non-monetary assets or liabilities, the amounts recognized in other comprehensive income are accounted for as adjustments to the original carrying amount of nonmonetary assets or liabilities.

When hedged future cash flow is no longer expected to occur, any related cumulative gain or loss that has been recognized in equity as other comprehensive income is reclassified to profit or loss. When hedged future cash flow is still expected, any related cumulative gain or loss that has been recognized in equity as other comprehensive income remains in equity until the future cash flow occurs.

(3) Finance income and finance costs

Finance income mainly consists of interest income, dividend income and derivatives gain (excluding gains on hedging instruments which are recognized in other comprehensive income). Interest income is recognized upon occurrence using the effective interest method.

Finance costs mainly consist of interest expense and derivative loss (excluding losses on hedging instruments which are recognized in other comprehensive income).

2. Valuation basis and method for inventories

The acquisition cost of inventories includes all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Inventories are measured at the lower of acquisition cost or net realizable value, and the costs are determined by primarily using the weighted-average method. Net realizable value is determined as the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sale.

3. Method of depreciation of significant depreciable assets

(1) Property, plant and equipment

Property, plant and equipment is measured by using the cost model and is stated at cost less accumulated depreciation and accumulated impairment losses.

The acquisition cost includes any costs directly attributable to the acquisition of the asset; and dismantlement, removal and restoration costs; as well as borrowing costs eligible for capitalization.

Except for assets that are not subject to depreciation, such as land, assets are depreciated using the straight-line method over their estimated useful lives. The estimated useful lives of major asset items are as follows:

- Buildings and structures: 15 to 50 years

- Machinery: 10 years
- Tools and fixtures: 2 to 22 years

The estimated useful lives and depreciation method are reviewed at each fiscal year end, with the effect of any changes in estimate being accounted for on a prospective basis.

Upon derecognition of property, plant and equipment, net proceeds from disposal (or sales) less book value is recognized in profit or loss.

(2) Investment property

Investment property is property held to earn rentals or for capital appreciation or both.

Investment property is measured by using the cost model for property, plant and equipment and is stated at cost less accumulated depreciation and accumulated impairment losses.

Except for land, assets are depreciated using the straight-line method over their estimated useful lives.

(3) Goodwill and intangible assets

a) Goodwill

Goodwill is not amortized and is stated at acquisition cost less accumulated impairment losses. Goodwill is allocated to assets, cash-generating units or group of cash-generating units that are identified according to locations and types of businesses and tested for impairment annually or more frequently if there is any indication for impairment.

Impairment losses on goodwill are recognized in profit or loss and no subsequent reversal is made.

b) Intangible assets

Intangible assets are measured by using the cost model and are stated at cost less accumulated amortization and accumulated impairment losses.

Separately acquired intangible assets are measured at cost at the initial recognition, and the costs of intangible assets acquired in business combinations are recognized at fair value at the acquisition date.

Intangible assets with finite useful lives are amortized using the straight-line method over their estimated useful lives.

The estimated useful lives of major intangible assets with finite useful lives are as follows:

- Software: 5 years
- Trademark: 10 -20 years

The estimated useful lives and amortization method of intangible assets are reviewed at each fiscal year end, with the effect of any changes in estimate being accounted for on a prospective basis.

Intangible assets with indefinite useful lives are not amortized, but they are tested for impairment annually or more frequently if there is any indication for impairment.

Expenditures on research activities to obtain new scientific or technical knowledge are recognized as expenses when they occurred. Expenditures on development activities are capitalized as intangible assets, if, and only if, they are reliably measurable, they are technically and commercially feasible, it is highly probable that they will generate future economic benefits, and the Group intends and has adequate resources to complete their developments and use or sell them.

(4) Leases as lessee

At the commencement date, the lease liability is measured at the present value of the total lease payments, and the right-of-use asset is measured by adding the cost of obligations required on the basis of the lease contract or the like to the initial measurement of the lease liability adjusted with the initial direct costs and prepaid lease payments. The lease term is determined by estimating and adjusting the option term that is reasonably certain to be the non-cancellable period based on the lease contract. Right-of-use assets are depreciated using the straight-line basis over the shorter of their estimated useful lives and lease terms. Lease payments are apportioned between the finance costs and the reduction of the lease liabilities based on the interest method. Finance costs are recognized in the consolidated statement of income.

A right-of-use asset and a lease liability are not recognized for short-term leases with a lease term of 12 months or less and leases with a small amount of underlying assets. Lease payments related to the lease are recognized as expenses over the lease term on a straight-line basis or on another systematic basis.

(5) Impairment of non-financial assets

The Group assesses at the end of each fiscal year whether there is any indication that each asset or the cash-generating unit (or the group of cash-generating units) to which the asset belongs may be impaired. When there is any indication of impairment, the recoverable amount of the asset is estimated. The recoverable amount of goodwill and intangible assets with indefinite useful lives and intangible assets not yet available for use are estimated on the same timing of every fiscal year.

The recoverable amount of an asset or cash-generating unit is measured at the higher of its fair value less costs to sell and its value in use.

In determining the value in use, estimated future cash flows are discounted to the present value, using pretax discount rates that reflect current market assessments of the time value of money and the risks specific to the asset. In determining the fair value less costs to sell, the Group uses an appropriate valuation model supported by available fair value indicators.

Only if the recoverable amount of an asset or cash-generating unit falls below its carrying amount, the carrying amount is reduced to its recoverable amount and the impairment loss is recognized.

The Group assesses whether there is any indication that an impairment loss recognized in prior years for an asset other than goodwill may no longer exist or may have decreased, such as there are any changes in assumptions used for the determination of the recoverable amount. If any such indication exists, the recoverable amount of the asset or cash-generating unit is estimated. In cases where the recoverable amount exceeds the carrying amount of the asset or cash-generating unit, impairment loss is reversed up to the lower of the estimated recoverable amount, or the carrying amount (net of depreciation) that would have been determined if no impairment loss had been recognized in prior years.

4. Accounting policy for significant provisions

Provisions are recognized if the Group has present obligations (legal or constructive obligations) as a result of past events, if it is probable that settling the obligations will require outflows of resources embodying economic benefits, and if the obligations can be estimated reliably. Where the effect of the time value of money is material, the amount of provisions is measured at the present value of the expenditures expected to be required to settle the obligations. In calculating the present value, the Group uses the pretax discount rate reflecting current market assessments of the time value of money and the risks specific to the liability. Increases due to passage of time is recognized as finance costs.

(Asset retirement obligations)

Costs for restoration of leased property used by the Group to its original condition or removal of hazardous materials associated with the property are estimated based on historical experience and recognized as a provision for asset retirement obligations. While these costs are expected to be incurred after more than one year, they will be affected by the future business plans.

(Provision for losses on lawsuits)

For provisions for losses due to payment of compensation for damages that could arise as a result of lawsuits, the estimated loss resulting from the payment of compensation for damages is recognized, if a lawsuit is filed and if it is probable that compensation for damages to an outside third party will have to be paid.

(Business loss provisions)

Provision for business losses is recognized at the expected amount of losses on the businesses to be discontinued. Provision is recognized when there is a detailed formal plan, and implementation or announcement of such a plan creates valid expectations in other affected parties that the execution of the liquidation plan will be virtually certain.

5. Employee benefits

(1) Post-employment benefits

The Group has corporate pension fund system, welfare pension fund system and post-retirement benefit as defined benefit pension plans. Also, the Company and certain consolidated subsidiaries have defined contribution plans, in addition to defined benefit pension plans.

Regarding defined benefit plans, current service costs are calculated using the projected unit credit method in actuarial calculations made at the consolidated fiscal year-end date, and service costs and net interest are recognized in profit or loss when incurred.

As for the discount rate, the discount period is determined based on the period until the expected date of benefit payments in each fiscal year, and the discount rate is determined by reference to market yields on high-quality corporate bonds at the end of the fiscal year corresponding to the discount period.

All of the actuarial gains/losses incurred in the period are recognized in other comprehensive income, and the cumulative amount that is recognized as other components of equity is immediately reclassified to retained earnings.

Net retirement benefit liabilities are the present value of defined benefit obligations less fair value of plan assets.

Regarding defined contribution plans, the amount of contributions by the Group is recognized as expenses at the time employees render services that give entitlement to the benefit.

(2) Other employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis, and are recognized as an expense when the related services are rendered.

For bonuses, when there is a present legal or constructive obligation to make payments of bonuses, and a reliable estimate of the obligation can be made, the estimated amount to be paid is accounted for as a liability.

For the paid absence obligations, when there is a legal or constructive obligation with respect to accumulating paid absence systems and a reliable estimate of the obligation can be made, the estimated amount to be paid based on those systems is accounted for as a liability.

6. Revenue from the contracts with customers

The Group recognizes revenue in the amount that reflects a consideration to which the Group expects to be entitled in exchange for the transfer of goods and services to customers, based on the following five-step approach:

Step 1: Identify the contracts with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to separate performance obligations

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The Group sells consumer products including instant noodles, chilled noodles, frozen noodles, confectionery and beverages. For sales of such products, because the customer obtains control over the products upon delivery, the performance obligation is judged to have been satisfied and revenue is therefore recognized upon delivery of the products.

Revenue is measured at the consideration promised in a contract with a customer, less discounts, rebates, returned products and other items.

7. Foreign currency translation

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the dates of the transactions or an approximation of the rate. Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency using the exchange rates at the end of each reporting period. Differences arising from the translation and settlement are recognized in profit or loss. Nevertheless, differences arising from financial assets measured at FVTOCI and cash flow hedges are recognized as other comprehensive income.

The assets and liabilities (including goodwill recognized in acquisition and adjustment of fair values) of foreign operations are translated into the functional currency using the exchange rates at the end of each reporting period, while income and expenses of foreign operations are translated into the functional currency using the average exchange rate for the period, unless there was significant change in the exchange rate during the period. Differences arising from the translation are recognized in other comprehensive income. On the disposal of the interest in a foreign operation, the cumulative amount of the foreign currency translation difference related to the foreign operation is reclassified to profit or loss in the same period.

8. Accounting policy for consumption taxes

   It is in accordance with the tax-excluded method.

Changes in accounting policies

Beginning with the fiscal year under review, the Group adopted IFRS 16 Leases (announced in January 2016, hereinafter referred to as "IFRS 16"). Upon applying the IFRS 16 standard, the Group has chosen a transition option to recognize the cumulative effect of applying the new standard at the date of initial application.

Upon applying the IFRS 16 standard, the Group has chosen the practical expedient described in paragraph C3 of the IFRS 16 to determine whether an arrangement contains a lease, as previously identified in accordance with IAS 17 Leases (hereinafter "IAS 17") and IFRIC 4 Determining whether an Arrangement contains a Lease. The requirements of IFRS 16 apply to all contracts that have been entered into since the date of the initial application. As a lessee, the Group recognized right-of-use assets and lease obligations on the date of initial application in relation to the leasing contracts previously classified as operating leases in accordance with IAS 17. The lease obligations are measured as the present value of residual lease payments discounted using the incremental borrowing rate on the date of initial application. The weighted average of the incremental borrowing rate is 1.4%.

The right-of-use assets are measured initially as an amount equal to the lease liability adjusted for prepaid lease payments.

For a lessee's lease assets classified as finance lease contracts in accordance with IAS 17 in the past, right-of-use assets and lease liabilities on the date of initial application are measured as amounts equal to lease assets and lease obligations, respectively, on the books prepared prior to the date of initial application in accordance with IAS 17.

The gap in the amount between the future minimum lease payments (discounted to the present value using the incremental borrowing rate as mentioned earlier) under non-cancellable operating leases disclosed in accordance with IAS 17 at the end of the consolidated fiscal year preceding the date of initial application, and the lease liabilities recognized on the statement of consolidated financial position as of the date of initial application was primarily attributable to the differences in estimated values for land and buildings that are to be used longer than the initial non-cancellable period.

Accordingly, the Group booked right-of-use assets at ¥ 20,659 million and lease liabilities at ¥ 19,558 million on the date of the IFRS 16 initial application. This matter will have no material impact on operating profit or profit. Upon applying IFRS 16, the Group adopts the following practical expedient.

- Reliance on assessment to determine whether it will be disadvantageous for a lease to apply IAS 37 Provisions, Contingent Liabilities and Contingent Assets prior to the date of initial application as an alternative method of impairment testing.
- Exclusion of initial direct costs from the right-of-use assets measured as of the date of initial application.

Notes to Consolidated Statement of Financial Position

1. Assets pledged as collateral and liabilities secured

		(Millions of yen)
(1) Assets pledged as collateral		
Property, plant and equipment	7,408	[889]
(2) Liabilities secured		
Borrowings (Current)	2,154	[926]
Borrowings (Non-current)	8,361	[3,083]
Total	10,515	[4,009]

Figures in brackets above indicate mortgages of the foundation and its liabilities, which are breakdowns included in the total.

2. Allowance for doubtful accounts directly deducted from the corresponding assets

   Trade and other receivables ¥535 million

3. Accumulated depreciation of property, plant and equipment ¥231,918 million

Notes to Consolidated Statement of Changes in Equity

1. Class and number of shares issued and class and number of shares of treasury stock

	Class of shares	Number of shares at beginning of fiscal year under review	Number of shares increased in fiscal year under review	Number of shares decreased in fiscal year under review	Number of shares at end of fiscal year under review
Shares issued	Common shares	105,700,000 shares	–	–	105,700,000 shares
Treasury stock	Common shares	1,543,266 shares	829 shares	14,775 shares	1,529,320 shares

(Notes)
1. 829 shares increase in the number of common shares in treasury stock is due to the purchase of shares less than one unit.
2. Of decrease in the number of treasury common shares, 14,775 shares due to the exercise of the stock option by the Company’s directors and employees and our subsidiaries’ directors.

2. Dividends

(1) Amount of dividend payments

Resolution	Class of shares	Total amount of dividend (Millions of yen)	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 26, 2019	Common shares	5,728	55	March 31, 2019	June 27, 2019
Board of Directors Meeting held on November 7, 2019	Common shares	5,729	55	September 30, 2019	November 28, 2019

(2) Of dividends whose record date belongs to the fiscal year under review, dividends that take effect in the next fiscal year

The cash dividends are planned to be proposed for resolution as follows.

Proposal for resolution	Class of shares	Total amount of dividend (Millions of yen)	Source of dividend	Dividend per share (Yen)	Record date	Effective date
Ordinary General Meeting of Shareholders held on June 25, 2020	Common shares	5,729	Retained earnings	55	March 31, 2020	June 26, 2020

3. Stock acquisition rights

Class and number of the shares subject to stock acquisition rights issued by the Company at the end of the fiscal year under review

Common shares 565,769 shares

Notes on Financial Instruments

1. Status of financial instruments

(1) Capital management

To ensure sustainable growth and maximize the Group's corporate value, the Group implements capital management based on the financial policies focusing on financial soundness, return on capital and capital efficiency.

(2) Financial risk management

The Group is exposed to various risks such as credit risk, liquidity risk and market risk (foreign exchange and interest rate risks). To hedge the market risk, the Group utilizes derivative instruments such as forward exchange contracts and interest rate swaps. Derivatives transactions shall be entered into in accordance with the internal rules regulating trading authority. The Group has a policy not to enter into any speculative transactions utilizing derivative instruments.

The Group raises necessary funds (mainly through bank borrowings) in line with the capital expenditure plan. We invest temporary surplus funds in highly secured financial assets, while raising short-term working capital from bank borrowings. As the Group is constantly exposed to financial risks in the course of business activities, it implements risk management to mitigate such financial risks. We make efforts to identify and prevent risk factors from occurrence. For any unavoidable risks, we strive to mitigate them.

(3) Credit risk

The Group is exposed to the credit risk of customers arising from notes and accounts receivable, or trade receivables, and other receivables (e.g., accounts receivable - other). According to the internal rules, the sales management department and accounting department are regularly monitor the financial status of our major business partners to manage due dates and amounts outstanding per account. They are also making efforts to detect and mitigate possible exposure to doubtful receivables due to the deterioration of their financial conditions. Incidentally, we have no concentration of credit risks on certain business partners.

As the Group is exposed to counterparty risks when utilizing derivative transactions, it is the Group's policy to enter into such transactions only with highly rated financial institutes.

The Group's maximum exposure to credit risks is equal to the total of the carrying amount of financial assets, net of accumulated impairment loss, presented on the consolidated financial statements and guarantee obligations outstanding.

(4) Liquidity risk

Trade and other payables, interest-bearing debt and other non-current liabilities are exposed to the liquidity risk. The Group implements the risk management such as maintaining sufficient short-term liquidity based on the cash budget prepared and updated on a timely basis.

(5) Market risk

(i) Foreign exchange risk

When importing goods denominated in foreign currency, we take measures such as entering into forward exchange contracts to mitigate the foreign exchange risk; however, we may temporarily experience more-than-expected changes in cost as a result of foreign exchange fluctuation. To the Group, a major foreign exchange risk lies in an increase in purchase cost denominated in foreign currency as a result of foreign exchange fluctuation.

(ii) Interest rate risk

Since the Group borrows funds from financial institutes, it is exposed to the interest-rate fluctuation risk. As it borrows funds at both fixed and floating rates, the borrowings at floating rate are exposed to the interest rate fluctuation risk. The Group tries to mitigate such risk by maintaining a suitable balance between fixed rate and floating rate borrowings, as well as utilizing interest rate swaps.

2. Fair value of financial instruments

The following table shows the carrying amount of financial assets and liabilities at the end of the fiscal year under review. It is noted that financial assets and liabilities equal to or approximate to their fair value are not presented below.

	Consolidated statements of financial position amount (Millions of yen)	Fair Value (Millions of yen)	Difference (Millions of yen)
Liabilities Long-term borrowings (Note)	44,368	44,401	32

(Note) Include current portion of long-term borrowings.

The fair values of long-term borrowings was determined based on the present value, which was calculated by discounting the total sum of principal and interest using the interest rate assumed to be applied for a new, similar borrowing.

Notes on investment property

1. Investment property

The Company and certain consolidated subsidiaries own rental office buildings (including land), etc. in Tokyo and other areas.

2. Fair value of investment property

Consolidated statements of financial position amount (Millions of yen)	Fair Value (Millions of yen)
7,108	6,968

(Notes) 1. Investment property is presented at historical cost net of accumulated depreciation in the consolidated statement of financial position.

2. The fair value of investment property is based on appraisals by independent appraisers, including those adjusted with index. The Company requires independent appraisers to be officially certified professionals with designations such as Licensed Real Estate Appraiser, who have recently experienced the appraisal of the same type of properties located in the same region as our properties. These were measured primarily in accordance with the sales comparison approach.

Notes on Per Share Information

1. Equity attributable to owners of parent per share 3,148.62 yen
2. Basic earnings per share 281.45 yen

Notes on Impairment Losses

In the fiscal year under review, the Group booked impairment losses on the following asset groups.

<table>
<tr><th>Segment</th><th>Location</th><th>Purpose</th><th>Class</th><th>Impairment losses (Millions of yen)</th></tr>
<tr><td>NISSIN FOOD PRODUCTS</td><td>Shimonoseki, Yamaguchi</td><td>Idle assets</td><td>Machinery and equipment</td><td>143</td></tr>
<tr><td rowspan="2">Myojo Foods</td><td rowspan="2">Ranzanmachi, Hiki, Saitama and others</td><td rowspan="2">Business assets</td><td>Buildings</td><td>12</td></tr>
<tr><td>Machinery and equipment</td><td>173</td></tr>
<tr><td rowspan="6">Others</td><td rowspan="2">Uji, Kyoto</td><td rowspan="2">Business assets</td><td>Machinery and equipment</td><td>34</td></tr>
<tr><td>Others</td><td>320</td></tr>
<tr><td rowspan="2">Vietnam</td><td rowspan="2">Business assets</td><td>Buildings</td><td>422</td></tr>
<tr><td>Others</td><td>235</td></tr>
<tr><td rowspan="2">Hungary</td><td rowspan="2">Business assets</td><td>Machinery and equipment</td><td>5</td></tr>
<tr><td>Tools, furniture and fixtures</td><td>0</td></tr>
<tr><td colspan="4">Total</td><td>1,347</td></tr>
</table>

For cash-generating units, the Group groups its business assets according to each production base or use and idle assets according to each individual property.

In Others segment, impairment losses are recognized due to a declining profitability in business assets in Vietnam, and no prospect of use in Uji, Kyoto.

The recoverable value of idle assets is measured at its use value, which is set at zero, and valued at a memorandum value. Business assets are measured based on net sale value or use value.

For certain business assets, fair value is determined based on appraised value by a real estate appraiser, or the like. The fair value hierarchy is classified as Level 3 because it includes significant unobservable inputs.

(Note) Amounts presented in the consolidated statement of income less than one full unit have been rounded down. However, in respect of basic earnings per share, equity attributable to owners of parent per share and percentages figures have been rounded to the nearest unit.

6. Statement of Changes in Equity

(Year ended March 31, 2020)

(Millions of yen)

	Shareholders' equity									
		Capital surplus		Retained earnings						
					Other retained earnings					
	Common stock	Legal capital surplus	Other capital surplus	Legal retained earnings	Reserve for reduction entry of land	Reserve for improve-ment of facilities	Reserve for overseas market develop-ment	Reserve for product develop-ment	General reserve	Retained earnings brought forward
Balance at the beginning of the year	**25,122**	**48,370**	**8**	**6,280**	**2,572**	**200**	**200**	**300**	**160,300**	**28,526**
Changes in items during period										
Reversal of general reserve									(100,000)	100,000
Dividends of surplus										(11,457)
Net income										17,333
Acquisition of treasury stock										
Sales of treasury stock			24							
Net changes in items other than shareholders' equity										
Total changes in items during period	**–**	**–**	**24**	**–**	**–**	**–**	**–**	**–**	**(100,000)**	**105,875**
Balance at the end of the year	**25,122**	**48,370**	**32**	**6,280**	**2,572**	**200**	**200**	**300**	**60,300**	**77,349**

	Shareholders' equity		Valuation and translation adjustments				Stock acquisition rights	Total equity
	Treasury stock	Total shareholders' equity	Unrealized gain (loss) on available-for-sale securities	Deferred gain (loss) on derivatives under hedge accounting	Land revaluation reserve	Total Valuation and translation adjustments		
Balance at the beginning of the year	**(6,718)**	**208,109**	**30,833**	**12**	**(6,515)**	**24,330**	**2,110**	**234,550**
Changes in items during period								
Reversal of general reserve		–						–
Dividends of surplus		**(11,457)**						**(11,457)**
Net income		**17,333**						**17,333**
Acquisition of treasury stock	(6)	**(6)**						**(6)**
Sales of treasury stock	64	**88**						**88**
Net changes in items other than shareholders' equity		–	(11,625)	18		(11,606)	181	**(11,424)**
Total changes in items during period	**57**	**5,958**	**(11,625)**	**18**	–	**(11,606)**	**181**	**(5,466)**
Balance at the end of the year	**(6,660)**	**214,067**	**19,208**	**31**	**(6,515)**	**12,723**	**2,292**	**229,083**

(Note) Monetary amounts in this table are shown rounded down to the nearest unit.

7. Notes to Non-consolidated Financial Statements

Notes on Significant Accounting Policies

1. Valuation basis and method for assets

(1) Valuation basis and method for marketable securities

a) Shares of subsidiaries and associates

Stated at cost using the moving-average method.

b) Available-for-sale securities

Securities with available fair values

Stated at fair value based on the market price or the like on the fiscal year-end (unrealized gains and losses are included in a separate component of net assets, and cost of sales is determined by the moving-average method).

Securities without available fair values

Stated at cost using the moving-average method.

(2) Valuation basis and method for derivatives

Derivatives

Stated at fair value.

(3) Valuation basis and method for inventories

Raw materials and supplies

Mainly stated at cost using the gross average method (balance sheet amounts are determined by the method of writing down book value in accordance with decreased profitability).

2. Method of depreciation of fixed assets

(1) Property, plant and equipment (excluding leased assets)

Amortized using the straight-line method.

The main useful lives are as follows.

Buildings	15 to 50 years
Tools and fixtures	4 years

(2) Intangible fixed assets (excluding leased assets)

Amortized using the straight-line method.

Purchased software is amortized by the straight-line method over the expected useful life for internal use (5 years).

(3) Leased assets

Leased assets in finance lease transactions that do not transfer ownership are depreciated using the straight-line method assuming that lease periods are useful lives and salvage values are zero.

3. Accounting policy for provisions

(1) Provision for retirement benefits

To prepare for retirement benefits to employees, provision for retirement benefits is provided based on the estimated amount of retirement benefit obligations and plan assets at the end of the fiscal year under review. In the calculation of retirement benefit obligations, the method used to attribute expected retirement benefits to periods up to the fiscal year under review is benefit formula basis.

Actuarial differences are expensed in a lump sum at the end of the fiscal year following the year in which such differences are incurred.

(2) Allowance for doubtful receivables

To prepare for possible losses on uncollectable receivables, for general receivables, an amount is provided based on the allowance rate of grades specified by reference to the historical percentage of uncollectable and for specific receivables for which there is some concern regarding collectability, an estimated amount is recorded by investigating the possibility of collection for each individual account.

4. Major hedge accounting methods

(1) Method of hedge accounting

Accounted for with deferred hedge accounting. However, certain payables denominated in foreign currencies with forward exchange foreign contacts are subject to appropriation if they satisfy the requirements of appropriation treatment.

(2) Hedging instruments and hedged items

Hedging instruments................ Forward foreign exchange contracts
Hedged items........................... Payables and forecast transactions denominated in foreign currencies

(3) Hedging policy

In accordance with the basic policy approved by the Company's Management Committee, Finance and Accounting Division manages and executes transactions, and uses hedging instruments for the purpose of hedging foreign exchange fluctuation risk and interest rate fluctuation risk of hedged items.

(4) Method of assessing hedge effectiveness

Hedge effectiveness is deemed to be high as critical terms are the same for the hedging instruments and hedged items, and changes in the cash flow and changes in market values are expected to be completely offset from the start of hedging activities onward.

5. Other significant matters forming the basis of preparation of the non-consolidated financial statements

(1) Accounting method for retirement benefits

The accounting treatment method for unrecognized actuarial gain or losses related to retirement benefits is different from the treatment for the item in the consolidated financial statements.

(2) Accounting policy for consumption taxes

Consumption taxes and local consumption taxes are accounted for based on the tax exclusion method.

Notes to Balance Sheet

1. Accumulated depreciation of property, plant and equipment

   ¥14,396 million

2. The land for business use owned by the Company was revaluated under the "Act on Revaluation of Land" and the "Act for Partial Revision of the Act on Revaluation of Land," and unrealized losses resulting from the revaluation were posted as "land revaluation reserve" in the equity section, after deducting the deferred tax liabilities on land revaluation.

   Revaluation method

   The value is calculated based on road rate as prescribed in Article 2, Item 4 of "Order for Enforcement of the Act on Revaluation of Land," with reasonable adjustments being made.

   Date of revaluation

   March 31, 2002

3. Monetary receivables from and payables to subsidiaries and associates

	(Millions of yen)
Short-term monetary receivables	27,065
Long-term monetary receivables	406
Short-term monetary payables	65,062

4. Guarantee obligations, etc.

(1) Guarantees of borrowings of consolidated subsidiaries from financial institutions

NISSIN FOODS (U.S.A.) CO., INC.	¥2,414 million
Nissin Foods Kft.	¥3,207 million

(2) Letter of awareness issued to financial institutions for borrowings of consolidated subsidiaries

NISSIN YORK CO., LTD.	¥4,655 million

(3) Lump-sum payment trust concomitant-type debt assumption at subsidiaries and associates

¥7,040 million

(4) The Company has provided guarantees to the Ministry of Commerce of the People's Republic of China (formerly known as the Ministry of Foreign Trade and Economic Co-operation) with regard to direct investment carried out within China by NISSIN FOODS (CHINA) HOLDING CO., LTD. and the transfer of technology to the investment recipient party, to the effect that in the event of non-performance the Company shall act as agent.

At the present time at the end of the fiscal year under review, there are no plans for investment or technology transfer such as would raise any concerns with regard to the above-mentioned performance obligation.

Notes to Statement of Income

1. Transactions with subsidiaries and associates

	(Millions of yen)
Net sales	49,476
Purchases	272
Other operating expenses	1,492
Other transactions	62

2. Loss on valuation of shares of subsidiaries and associates

   Loss on valuation of shares of subsidiaries and associates for the fiscal year under review was recognized as a result of the write-down of shares of UJI KAIHATSU DEVELOPMENT CO., LTD. and NISSIN FOODS MECHANICAL TECHNOLOGY (THAILAND) CO., LTD.

Notes to Statement of Changes in Equity

Class and total number of treasury stock

Class of shares	Number of shares at beginning of fiscal year under review	Number of shares increased in fiscal year under review	Number of shares decreased in fiscal year under review	Number of shares at end of fiscal year under review
Common shares	1,543,266 shares	829 shares	14,775 shares	1,529,320 shares

(Notes) 1. 829 shares increase in the number of common shares in treasury stock is due to the purchase of shares less than one unit.

2. Of decrease in the number of treasury common shares, 14,775 shares due to the exercise of the stock option by the Company’s directors and employees and our subsidiaries’ directors.

Notes on Tax Effect Accounting

1. Significant components of deferred tax assets and liabilities

	(Millions of yen)
Deferred tax assets	
Loss on valuation of investments in securities	11,451
Shares of subsidiaries and associates (split company)	4,604
Long-term accrued payable	1,209
Accrued bonuses	281
Accrued payables	93
Depreciation	13
Other	541
Subtotal deferred tax assets	18,193
Valuation allowance	(12,284)
Total deferred tax assets	5,908
Deferred tax liabilities	
Unrealized gain (loss) on available-for-sale securities	(9,701)
Reserve for reduction entry of land	(1,135)
Other	(13)
Total deferred tax liabilities	(10,850)
Net deferred tax liabilities	(4,941)

2. Breakdown of major items that cause differences between statutory and effective tax rates and income tax burden after tax effect accounting is applied

Statutory effective tax rate	30.62%
(Adjustments)	
Expenses not deductible permanently such as entertainment expenses	0.65%
Income not taxable permanently such as dividend income	(26.85)%
Change in valuation allowance	1.59%
Others	0.77%
Effective tax rate after application of tax effect accounting	5.24%

Notes on Transactions with Related Parties

1. Subsidiaries and associates

Type	Name	Capital or investments in capital	Nature of Business or Occupation	Voting rights holding or held	Nature of relationship		Transactions	Transaction amount (Millions of yen) (Note 1)	Account title	Ending balance (Millions of yen) (Note 1)
					Interlocking of officers, etc.	Business relationship				
Subsidiary	NISSIN FOOD PRODUCTS CO., LTD.	¥5,000 million	Manufacture and sale of instant noodles	100.0% (-)	3 officers	Provision of raw materials, technology support, and fund management, etc.	Fund management	(Note 2)	Deposits received	32,467
							Provision of raw materials (Note 3)	87,510	Accounts receivable-trade	15,567
							Management support fee (Note 4)	17,185	–	–
							Loans of funds (Note 5)	20,000	Long-term loans receivable from subsidiaries and associates	20,000
Subsidiary	NISSIN ASSET MANAGEMENT CO., LTD.	¥50 million	Real estate leasing and management	100.0% (-)	1 officer	Real estate leasing fund and management, etc.	Fund management	(Note 2)	Deposits received	2,213
							Rent expenses on real estates (Note 3)	498	–	–
Subsidiary	MYOJO FOODS CO., LTD.	¥3,143 million	Manufacture and sale of instant noodles	100.0% (-)	1 officer	Provision of raw materials, technology support, and fund management, etc.	Fund management	(Note 2)	Deposits received	8,961
							Provision of raw materials (Note 3)	8,828	Accounts receivable-trade	1,526
Subsidiary	Nissin Plastics Co., Ltd.	¥100 million	Manufacture and sale of containers	100.0% (-)	–	Outsourcing of processing of containers, etc.	Processing outsourcing fees (Note 3)	3,687	Accounts payable - trade	1,270
Subsidiary	NISSIN YORK CO., LTD.	¥870 million	Manufacture and sale of dairy products etc.	100.0% (-)	1 officer	Debt guarantees, etc. on loans to Nissin York Co., LTD.	Debt guarantees (Note 6)	4,655	–	–

(Notes)
1. Of the amounts above, the transaction amount does not include consumption taxes, and the end balance includes consumption taxes except deposits received.
2. The Company has introduced a cash management system by which funds in the group are centrally managed and borrowed and lent among those group companies on a daily basis. Thus the transaction amounts are not recorded. The interest rates are determined by taking into account market interest rates.
3. Transaction conditions are determined by referencing general trading conditions.
4. Management support fee is determined through mutual discussions in consideration of the contents of a business operation.
5. For loans of funds, the Company reasonably determine interest rates taking into consideration market interest rates.
6. For bank loans, the Company has submitted a letter of awareness for management guidance.

2. Officers and major individual shareholders

Type	Name of company or individual	Voting rights holding or held	Relation with the party	Transactions	Transaction amount (Millions of yen) (Note 1)	Account title	Ending balance (Millions of yen)
Companies, etc. over which officer and its close family member own the majority of the voting rights	Intec Lease Co., Ltd.	–	Lease of assets, etc.	Payment of lease fees, etc. (Note 2)	88	Lease liabilities within one year	2
						Lease liabilities beyond one year	8

(Notes) 1. Of the amounts above, the transaction amount does not include consumption taxes.

2. The leasing is performed after obtaining price estimates based on general leasing operations and comparing them with those presented by other leasing companies.

Notes on Per Share Information

1. Total equity per share 2,177.11 yen
2. Net income per share 166.41 yen

(Note) Amounts presented in the consolidated statement of income less than one full unit have been rounded down. However, in respect of net income per share, total equity per share, and percentages, figures have been rounded to the nearest unit.